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 X *[Signature]* Addressee

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 ALAN ZISSA Addressee

C. Date of Delivery
 6/11/04

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 If YES, enter delivery address below: No

Chesapeake
 Burrus "26" Well #2
 July 8, 2004
 6/9/10

Merchandise

4. Restricted Delivery? (Extra Fee) Yes

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 Burrus "26" Well #2
 July 8, 2004
 6/9/10

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PS Form 3800, June 2002 See Reverse for Instructions

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kellahin@earthlink.net

June 8, 2004

CERTIFIED MAIL-RETURNED RECEIPT REQUESTED

FIRST AMENDED NOTICE OF THE HEARING

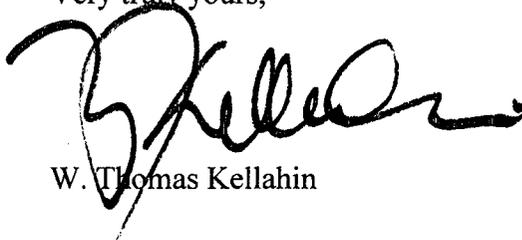
Re: Case 13280-Application of Chesapeake Permian, L.P.
for Compulsory Pooling, Lea County, New Mexico

On behalf of Chesapeake Permian, L.P., please find enclosed our application for an compulsory pooling order for the SW/4NW/4 of Section 26, T12S, R38E to the dedicated to its Burrus "26" Well No. 2 which has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for June 10, 2004 **AND CONTINUED TO JULY 8, 2004 DOCKET**. The hearing will be held at the Division hearing room located at 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant Division Rule 1208.B, parties appearing in cases are required to file a Pre-Hearing Statement with the Division not later than 5:00 PM on Friday, July 2, 2004, with a copy delivered to the undersigned. This statement must include: the names of all witnesses the party will call to testify at the hearing; the approximate time of the party will need to present its case, and identification of any procedural matters that are to be resolved prior the hearing. In addition, the Division will impose a 200% risk charge unless you declare in this Pre-Hearing Statement you intention to oppose it. Please note that the burden of proof as to this issue will be yours.

Very truly yours,



W. Thomas Kellahin

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF CHESAPEAKE PERMIAN, L.P.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 13208

FIRST AMENDED APPLICATION

CHESAPEAKE PERMIAN, L.P. ("Chesapeake") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the SW/4NW/4 of Section 26, T12S, R38E, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit for any production for any and all formations/pools developed on 40-acre spacing within that vertical extent. This unit is to be dedicated to its Burrus "26" Well No. 2 that is to be drilled at a standard location in Unit E of this section. Also to be considered will be the costs of the drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and, pursuant to Commission Order R-11992, a risk charge of 200% for the risk involved in this well.

In support of its application Chesapeake states:

1. Chesapeake, as successor in interest to Concho Exploration Inc., is a working interest ownership in the oil and gas minerals underlying the SW/4NW/4 of Section 26, T12S, R38E, NMPM, Lea County, New Mexico, to be dedicated as a standard 40-acre oil proration and spacing unit for its Burrus "26" Well No. 2 located in unit E of this section.
2. On April 7, 2004, Concho Oil & Gas LP as the operating company for Concho Exploration Inc., sent to all working interest owners (See Exhibit "A" attached) its written well proposal, including an AFE, for its Burrus "26" Well No. 2 to be drilled 2250 feet FNL and 500 feet FWL, Unit E of Section 26, T12S, R38E, Lea County, New Mexico and dedicated to the SW/4NW/4 of this section.

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3. Despite reasonable efforts, Concho was unable to conclude a voluntary agreement with those parties listed on Exhibit "A"
4. Effective March 10, 2004, Concho Exploration Inc., Concho Oil & Gas LP, Concho Resources GP LLC and Concho Resources LP LLC were merged into Chesapeake Permian, L.P.
5. Pursuant to Commission Order R-11992, effective August 15, 2003, Chesapeake requests that the 200% risk charge be applied.
6. This spacing unit is subject to Division Rule 104 providing for standard 40-acre spacing unit, among other things.
7. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Chesapeake needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
8. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for July 8, 2004.

WHEREFORE, Chesapeake, as applicant, requests that this application be set for hearing on July 8, 2004 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

- (1) Chesapeake Operating, Inc. be named operator;
- (2) Provisions for applicant and all working interest owners to participate in the costs of re-entering, completing, equipping and operating the well;
- (3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;

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(4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS

(5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



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EXHIBIT "A"

Matrix Production Company and
Matrix New Mexico Holdings, LLC
5725 Commonwealth Blvd.
Sugar Land, TX 77479